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HUSSER VOLUNTEER FIRE DEPARTMENT, INC.

Husser, Louisiana

FINANCIAL STATEMENTS

As of and for the Year Ended

December 31, 2001

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-17-02

HUSSER VOLUNTEER FIRE DEPARTMENT, INC.

Husser, Louisiana

Financial Statements

As of and for the Year Ended
December 31, 2001

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ACCOUNTANT'S COMPILATION REPORT

To the Members of the
Husser Volunteer Fire Department, Inc.
Husser, Louisiana

I have compiled the accompanying statement of assets and liabilities arising from appropriations and certain other transactions of Husser Volunteer Fire Department, Inc. as of December 31, 2001, and the related statements of activities and changes in net assets and cash flows arising from appropriations and certain other transactions for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to only include those disclosures which pertain to appropriations and certain other transactions.

Certified Public Accountant

June 20, 2002

HUSSER VOLUNTEER FIRE DEPARTMENT, INC.

Statement of Assets and Liabilities Arising From
Appropriations and Certain Other Transactions
December 31, 2001

ASSETS

Cash	\$ 25,395
Investments - Certificates of Deposit	40,316
Receivables - appropriations from Tangipahoa Parish Rural Fire Protection District No. 2	<u>69,355</u>
Total Assets	<u>\$135,066</u>

LIABILITIES AND NET ASSETS

<u>Liabilities</u>	
Accounts payable	\$ <u>1,239</u>
Total Liabilities	1,239
<u>Net Assets</u> - as restated	
Temporarily restricted	<u>133,827</u>
Total Liabilities and Net Assets	<u>\$135,066</u>

See accompanying notes and accountant's compilation report.

HUSSER VOLUNTEER FIRE DEPARTMENT, INC.

Statement of Activities and Changes
in Net Assets Arising From
Appropriations and Certain Other Transactions
For the Year Ended December 31, 2001

Temporarily Restricted Net Assets

Support and Revenues

Appropriations from:

Tangipahoa Parish Rural Fire Protection District No. 2	\$126,866
Interest	2,522
Other	<u>1,648</u>

Total Temporarily Restricted Support and Revenues 131,036

Expenses (net assets released from restrictions)

Program Services

Equipment purchased	28,680
Fuel	4,773
Insurance	8,612
Office supplies	795
Other expense	61
Professional fees	7,380
Repairs and maintenance -	
Buildings	2,143
Equipment	22,603
Supplies	10,890
Taxes and licenses	247
Telephone	4,410
Training	2,911
Utilities	<u>3,882</u>
Total program services	97,387

Return of appropriation to Rural Fire
Protection District No. 2 for -
Interest on debt

1,531

Total net assets released from restrictions 98,918

Increase in temporarily restricted net assets 32,118

Net Assets - beginning of year, as restated 101,709

Net Assets - end of year \$133,827

See accompanying notes and accountant's compilation report.

HUSSER VOLUNTEER FIRE DEPARTMENT, INC.

Statement of Cash Flows
For the Year Ended December 31, 2001

Cash Flows from Operating Activities:	
Increase in net assets	\$ 32,118
Adjustments to reconcile increase in net assets	
to net cash provided by operating activities:	
(Increase) decrease in operating assets	
appropriations receivable	(24,310)
Increase (decrease) in operating liabilities	
accounts payable	<u>1,239</u>
Net Cash Provided by Operating Activities	9,047
Cash Flows from Investing Activities:	
Investment in Certificates of Deposit	<u>299</u>
Net Increase in Cash	9,346
Cash - beginning of year	<u>16,049</u>
Ending Cash	<u>\$25,395</u>

See accompanying notes and accountant's compilation report.

HUSSER VOLUNTEER FIRE DEPARTMENT, INC.

Notes to Financial Statements limited to Appropriations and Certain Other Transactions December 31, 2001

BACKGROUND INFORMATION

The Husser Volunteer Fire Department, Inc. (Husser Fire) was incorporated on October 2, 1997, as an association of volunteer firemen serving the Husser, Louisiana, geographical area. The Husser Volunteer Fire Department, Inc. is exempt from federal income tax under Section 501 (c) (4) of the Internal Revenue Code. The Husser Volunteer Fire Department, Inc. is funded, for the most part, by an annual appropriation from the Tangipahoa Parish Rural Fire Protection District No. 2 (Rural Fire Protection District No. 2).

The Rural Fire Protection District No. 2 contracts with the Husser Volunteer Fire Department, Inc. and nine other fire departments to carry-out its mission of providing fire protection for the entire parish of Tangipahoa, excluding the incorporated municipalities and entire Third Ward in said parish.

Rural Fire Protection District No. 2 receives ad valorem taxes, state revenue sharing, and two percent fire insurance rebated monies and appropriates these monies, along with interest earnings, to the ten individual fire departments in accordance with an annual agreement. The primary responsibility of each fire department is the prevention and termination of fires which pose a threat to life or property within its areas of responsibility. The secondary responsibility is to respond to any and all calls for assistance from any of the other fire departments in Rural Fire Protection District No. 2.

The annual agreement provides, in part, that the appropriation of revenue from Rural Fire Protection District No. 2 be based upon the square miles served by the individual fire departments, the population within the area served, and the number of fire calls received in a given period. The agreement also requires that the individual fire departments expend the appropriations solely for the purpose of operating, maintaining, and/or purchasing equipment and supplies for their fire department, and for approved salaries. The agreement additionally requires the individual fire departments to render quarterly statements of funds received and expended to Rural Fire Protection District No. 2.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements present only the financial activities of Husser Fire arising from appropriations received from Rural Fire Protection District No. 2, and certain other revenues. The financial statements are not intended to and do not present the financial position and results of operations in conformity with generally accepted accounting principles.

A. BASIS OF PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, Husser Fire is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Husser Volunteer Fire Department, Inc.
Notes to Financial Statements limited to
Appropriations and Certain Other Transactions - continued

B. SUPPORT AND REVENUE

Support consists primarily of appropriations received from Rural Fire Protection District No. 2 from ad valorem taxes, state revenue sharing funds, and fire insurance rebate funds received by the District. Husser Fire receives a percentage of the total funds available to Rural Fire Protection District No. 2 based on formula contained in a contract agreed to by all participating fire departments in Tangipahoa Parish.

C. CASH AND CASH EQUIVALENTS

Cash includes amounts in interest-bearing demand deposits and money market accounts. Amounts in time deposits and those investments with original maturities of 90 days or less are considered to be cash equivalents.

D. INVESTMENTS

Time deposits with remaining maturities of 90 days or more are considered to be investments. Investments are carried at cost which approximates market.

E. FAIR VALUES OF FINANCIAL INSTRUMENTS

Husser Fire's financial instruments, none of which are held for trading purposes, include cash and investments in Certificates of Deposit. The following methods and assumptions are used by Husser Fire in estimating its fair value disclosures for financial instruments are:

Cash and Investments:

The carrying amounts reported in the statement of financial position approximate fair value because of the short maturities of those instruments.

F. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. STATEMENT OF CASH FLOWS

For the purposes of the statement of cash flows, all investments, if any, with a maturity of 90 days or less from the date of purchase are considered to be cash equivalents.

H. CONTRIBUTIONS

Husser Fire has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made". Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Husser Volunteer Fire Department, Inc.
Notes to Financial Statements limited to
Appropriations and Certain Other Transactions - continued

FIXED ASSETS

All fixed assets used by Husser Fire are owned by Rural Fire Protection District No. 2. Therefore, there are no fixed assets reported in the accompanying financial statements. The equipment used by Husser Fire has been purchased with funds received from Rural Fire Protection District No. 2.

APPROPRIATIONS FROM LOAN PROCEEDS

In 2001, Rural Fire Protection District No. 2 borrowed \$126,000 on Certificates of Indebtedness, Series 2001A to be used by Husser Fire to purchase a new fire truck.

Two certificates of indebtedness were issued. Certificate No. R-1 is for \$100,000 between Rural Fire Protection District No. 2 and Hancock Bank of Louisiana. Certificate No. R-2 for \$26,000 is between the Rural Fire Protection District No. 2 and the Louisiana Public Facilities Authority.

The certificates are collateralized by and payable solely from an irrevocable pledge and dedication of funds to be derived by the Rural Fire Protection District No. 2 from the levy and collection of a special 10 mills tax authorized to be levied through 2005.

There is no contractual agreement that requires the Husser Fire Department, Inc. to repay this indebtedness to the Rural Fire Protection District No. 2. However, the Husser Volunteer Fire Department, Inc. is expected to pay the annual debt service on these certificates of indebtedness from the annual appropriation to be received from Rural Fire Protection District No. 2.

At December 31, 2001, the balances owed by Rural Fire Protection District No. 2 on Certificates of Indebtedness, Series 2001A were as follows:

Cert. No. R-1	\$100,000
Cert. No. R-2	<u>26,000</u>
Totals	<u>\$126,000</u>

Debt service payments for 2002 will be \$27,646.

RESTATEMENT OF NET ASSETS

Net assets at 12-31-00 as originally stated	\$ 71,271
Add: Receivable from Rural Fire Protection District No. 2 for year ended 12-31-00	<u>30,438</u>
Net assets at 12-31-00 as restated	<u>\$101,709</u>



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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Members of the
Husser Volunteer Fire Department, Inc.
Husser, Louisiana

I have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Husser Volunteer Fire Department, Inc. and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Husser Volunteer Fire Department, Inc.'s compliance with certain laws and regulations during the year ended December 31, 2001, included in the accompanying Louisiana Attestation Questionnaire and additional agreed-upon procedures for the fiscal years ended December 31, 1999, 2000, and 2001. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Federal, State, and Local Awards

1. Determine the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Total appropriation from Tangipahoa Parish Rural Fire Protection District No. 2 for the fiscal year ending December 31, 2001, was as follows:

For Fire Protection	\$126,866
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2. For each federal, state, and local award, randomly select 6 disbursements from each award administered during the period under examination, provided that no more than 30 disbursements are selected.
3. For the items selected in procedure 2, trace the six disbursements to supporting documentation as to proper amount and payee.

For the six selected disbursements, I was able to examine supporting documentation for five of the items. I found that the proper amount was paid for each of these five items. However, the documentation for two of these disbursements did not contain the name of the payee. The payee's name was determined by tracing the check number placed on the documentation to the disbursement register.

Husser Volunteer Fire Department, Inc.
Independent Accountant's Report
on Applying Agreed-Upon Procedures - (continued)

The sixth selected disbursement item was apparently paid to the payee by a bank draft for \$5,000. The disbursement register listed a payment for a "new tanker" and was classified as "acquisition equipment". I was not furnished documentation on this truck by Husser Volunteer Fire Department, Inc. nor the Tangipahoa Fire Protection District No. 2.

4. For the items selected in procedure 2, determine if the six disbursements were properly coded to the correct fund and general ledger account.

It appears that the six disbursements were coded to the correct fund.

Some of the disbursements were coded to the wrong general ledger account as follows:

Item

1. \$327.65 coded to fuel - \$42.88 should have been coded to supplies
2. \$5,000.00 "new tanker" correctly coded to equipment acquisition
3. \$3,953.53 coded to equipment maintenance should have been coded to equipment acquisition as this item was to rebuild the motor in the new tanker, see item 2 above which had a defective motor at time of purchase
4. \$4,696.86 coded to operating supplies should have been coded to equipment acquisition as this item was new radio equipment
5. \$200.00 correctly coded
6. \$4,117.36 coded to equipment maintenance should have been coded to equipment acquisition as this item was to repair and refinish the new tanker - item 2 above

5. For the items selected in procedure 2, determine whether the six disbursements received approval from proper authorities.

I was not able to satisfy myself that the six selected disbursements received approval from proper authorities.

The supporting documentation furnished me for the selected disbursements contained no evidence of approval by proper authorities. Generally the only notation on the vendor's invoice was "Paid ck # _ _ _ _" placed there by Husser Fire's treasurer.

A review of the minutes of the monthly meetings of Husser Fire Department failed to indicate approval for payment of the disbursements.

6. For the items selected in procedure 2: For Federal awards, determine whether the disbursements complied with the applicable specific program compliance requirements summarized in *the Compliance Supplement* (or contained in the grant agreement, if the program is not included in the Compliance Supplement) and for state and local awards, determine whether the disbursements complied with the grant agreement.

I determined that each of the six selected disbursements was expended for the purposes of operating, maintaining, and/or purchasing equipment and supplies, as required in the 2001 agreement with Tangipahoa Parish Rural Fire Protection District No. 2.

Husser Volunteer Fire Department, Inc.
Independent Accountant's Report
on Applying Agreed-Upon Procedures - (continued)

7. For the programs selected for testing in item (2) that had been closed out during the period under review, compare the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

No programs were closed out during the period of my review.

Meetings

8. Examine evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Husser Volunteer Fire Department, Inc. is required to post a notice of each meeting and the accompanying agenda on the door of the Husser Volunteer Fire Department, Inc.'s station at least twenty-four hours in advance of the meeting.

I found no evidence that such notice was posted.

Comprehensive Budget

9. For all grants exceeding five thousand dollars, determine that each applicable federal, state, or local grantor agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

Husser Volunteer Fire Department, Inc. did prepare a 2001 budget; however, this does not appear to be required in the agreement with Rural Fire Protection District No. 2.

Prior Comments and Recommendations

10. Review any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

There were no prior-year findings or recommendations.

Additional Agreed-Upon Procedures

11. I have applied the following additional agreed-upon procedures:

- Review the corporate charter, Articles of Incorporation, and by-laws to determine compliance.

It appears that Husser Fire has complied with the provisions of its corporate charter and Articles of Incorporation and is in good standing with the Louisiana Secretary of State.

The by-laws provide for specific duty requirements for various officers, etc. To determine compliance was beyond the scope of my engagement.

Husser Volunteer Fire Department, Inc.
Independent Accountant's Report
on Applying Agreed-Upon Procedures - (continued)

- Inspect determination letter from Internal Revenue Service to determine exemption.

I reviewed the determination letter from the Internal Revenue Service dated December 30, 1999, and determined that Husser Volunteer Fire Department, Inc. is exempt from Federal income tax under section 501 (c) (4) of the Internal Revenue Code.

- Review minutes of board meetings from January 1, 1999, through current date to determine compliance.

A review of minutes of board meetings for the period from January 1, 1999, through July 2001 revealed that the minutes left a lot to be desired. The minutes contained very little details of transactions, no authorization of non-routine purchases, no approval to pay bills, and were not signed by the president and secretary. Very little guidance was provided by the minutes to an independent reviewer.

The minutes from August 6, 2001, and forward provide the necessary information, are dated and signed by the proper people, and are very satisfactory.

- Examine evidence to determine that agendas of meetings were posted as required by the open meetings law.

Husser Volunteer Fire Department, Inc. is required by LSA-RS 42:1 through 42:12 (the open meeting law) to post a notice of each meeting and the accompanying agenda on the door of Husser Volunteer Fire Department, Inc.'s station at least twenty-four (24) hours in advance of the meeting.

I was informed that no such notice was posted during 1999, 2000, or 2001.

- Review contract with Tangipahoa Parish Rural Fire Protection District No. 2 for the years 2000 and 2001 to determine compliance.

It appears that Husser Volunteer Fire Department, Inc. complied with contract provisions required by Tangipahoa Parish Rural Fire Protection District No. 2 for the years 1999, 2000, and 2001.

- Scan accounting records for the fiscal years 1999, 2000, and 2001. Judgementally select items to test for proper documentation, account classification, and approval.

The problems encountered in procedures 3, 4, and 5 above were repeated in the 1999 and 2000 disbursements test.

- Review budgets.

Budgets were prepared for the years 1999, 2000, and 2001, however it does not appear that Husser Fire utilized comparisons of budget to actual amounts to control their expenses.

Husser Volunteer Fire Department, Inc.
Independent Accountant's Report
on Applying Agreed-Upon Procedures - (continued)

- Review list of members to determine if related party or conflict of interest situations exist.

I reviewed the membership lists for the years 1999, 2000, and 2001. My review of the list of members and expenditures of the Husser Fire Department indicated contractual arrangements that may be prohibited by the Louisiana Code of Governmental Ethics.


In the three years of expenditures I noted payments to non-paid volunteers for the following:

- A building addition at a cost of \$5,800
- Truck repairs
- Cleaning fire station
- Cut grass at fire station
- Bookkeeping

A consultation with a Board of Ethics attorney indicates there may be a problem with the above payments. The attorney suggested that Husser Fire request an advisory opinion as to whether Husser Volunteer Fire Department, Inc. is considered a "public entity". I advise that Husser Fire seek such an opinion.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of Husser Volunteer Fire Department, Inc. and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.


Certified Public Accountant

June 20, 2002

**LOUISIANA
ATTESTATION
QUESTIONNAIRE**

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Entities)

Husser Volunteer Fire Department, Inc.
Husser, LA 70442-0027

March 4, 2002

Lee Gray, CPA
P.O. Box 368
Amite, LA 70422

In connection with your compilation of our financial statements as of December 31, 2001, and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representation).

Federal, State, and Local Awards

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes [☒] No []

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes [☒] No []

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes [☒] No []

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes [☒] No []

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes [] No [☒]

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes ☒ No []

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes ☒ No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

R. Monette Scott

Secretary

03-04-02

Date

Laura Coste

Treasurer

03-04-2002

Date

James

President

03-04-2002

Date

Husser Volunteer Fire Department, Inc.

Corrective Action Plan for
Current Year Attestation Findings

For the Year Ended December 31, 2001

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>
01-1	Need to improve control over authorization of non-repetitive expenses and proper approval of payments of all expenses provided adequate documentation is available.	Procedures have been put in place to correct this deficiency.
01-2	Failure to post agendas for meetings as required by the open meetings law LSA-RS 42:1 through 42:12.	Agendas of all meetings are now posted to comply with the open meetings law
01-3	Payment of the cost of member banquets with public funds.	Cost of member banquets will no longer be paid from public funds
01-4	Minutes of board meetings did not provide adequate information and were not signed. A new secretary was elected in August 2001 which resolved the problem with the minutes.	The inadequate minutes problem has now been resolved.
01-5	Possible violation of the Louisiana Code of Governmental Ethics concerning contractual arrangements to non-paid volunteer firemen.	The Husser Fire Department will request an advisory opinion from the Louisiana Board of Ethics on this matter. No further contractual arrangements will be made with members until cleared by the Board of Ethics.

Management's response by:

Josh Morris, President
Husser Volunteer Fire Department, Inc.
Husser, Louisiana

Date submitted 6-26-2002

Auditee Josh Morris